

# **Benchmarking Analysis**

**Mercer 2002 National Survey  
of Employer-Sponsored Health Plans**

**Washington Fire Commissioners Association**

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**MARSH**

# Washington Fire Commissioners Association

## BENCHMARKING ANALYSIS

The enclosed *Benchmarking Analysis* report compares Health Plan costs and benefit features\* for the following Employer categories:

All Employers	~ Nationwide - All Employers (with 10 or more employees)
State Government	~ Nationwide - All State Employers (with 10 or more employees)
County Government	~ Nationwide - All County Employers (with 10 or more employees)
City Government	~ Nationwide - All City Employers (with 10 or more employees)
Public Entities	~ West Region (AZ, CA, CO, ID, MT, NV, NM, OR, UT, WA, WY) - All Public Employers
Washington State	~ Washington State - all Employers (with 10 or more employees)

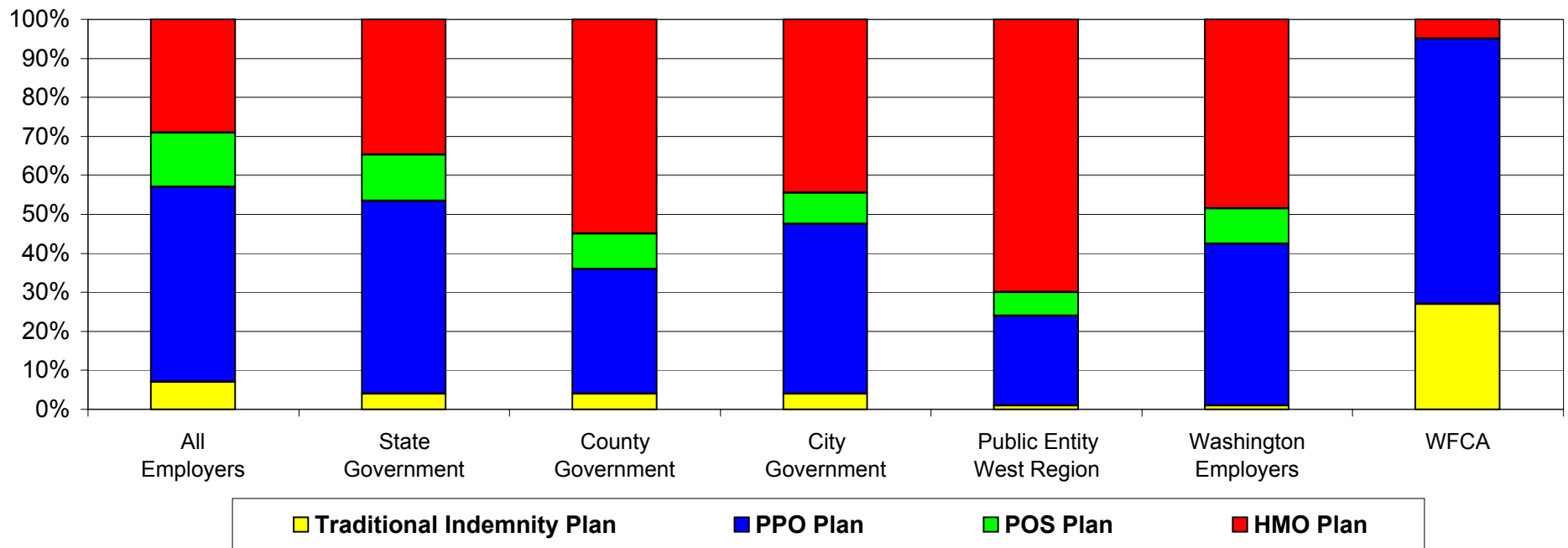
\* Based on Mercer 2002 National Survey of Employer-Sponsored Health Plans

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## BENCHMARKING ANALYSIS

### 2002 ~ EMPLOYEE ENROLLMENT IN EACH PLAN TYPE OF MEDICAL PLAN

	All Employers	State Government	County Government	City Government	Public Entity West Region	Washington Employers	WFCFA
<b>Traditional Indemnity Plan</b>	7%	4%	4%	4%	1%	1%	27%
<b>PPO Plan</b>	50%	50%	32%	44%	23%	41%	68%
<b>POS Plan</b>	14%	12%	9%	8%	6%	9%	N/A
<b>HMO Plan</b>	29%	35%	55%	45%	70%	48%	5%



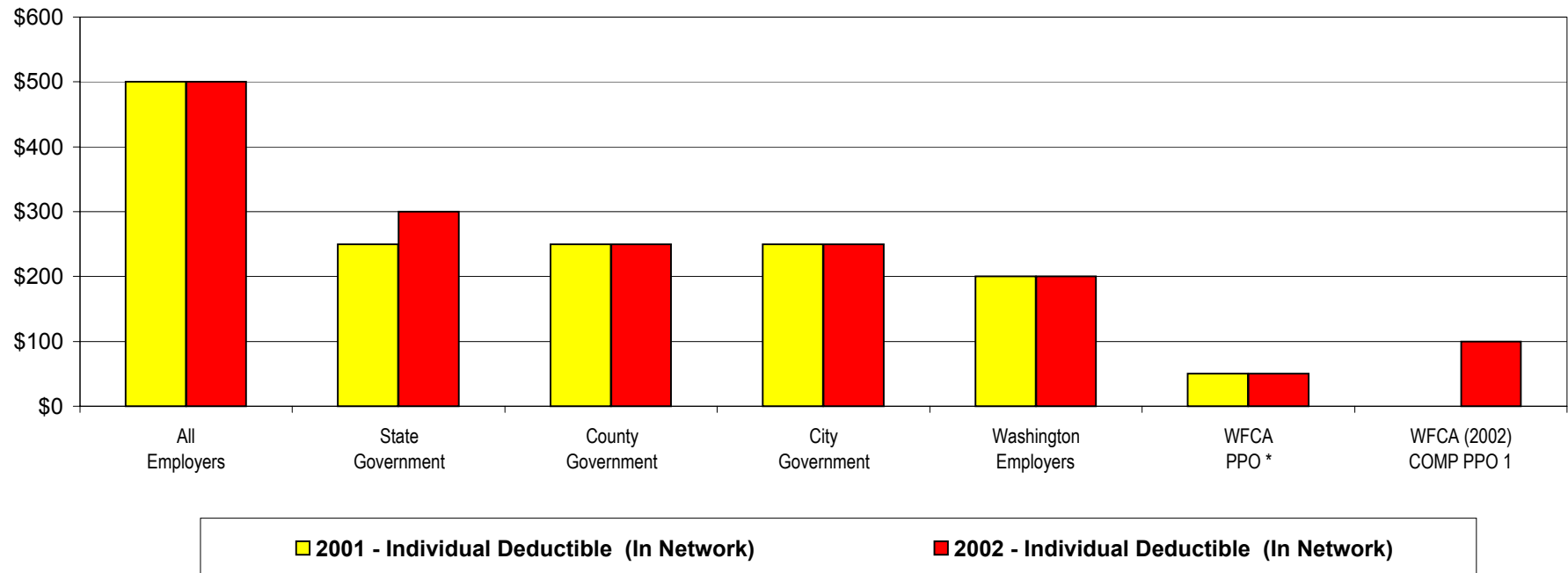
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## BENCHMARKING ANALYSIS

### 2001 and 2002 ~ PPO ~ MEDIAN INDIVIDUAL DEDUCTIBLE AMOUNT (In Network)

<u>PPO Plan:</u>	All Employers	State Government	County Government	City Government	Public Entity West Region	Washington Employers	WFCA PPO *	WFCA (2002) COMP PPO 1
2001 - Individual Deductible (In Network)	\$500	\$250	\$250	\$250	Not Provided	\$200	\$50	
2002 - Individual Deductible (In Network)	\$500	\$300	\$250	\$250	Not Provided	\$200	\$50	\$100

\* The Deductible is waived for Employee under the PPO Plan.

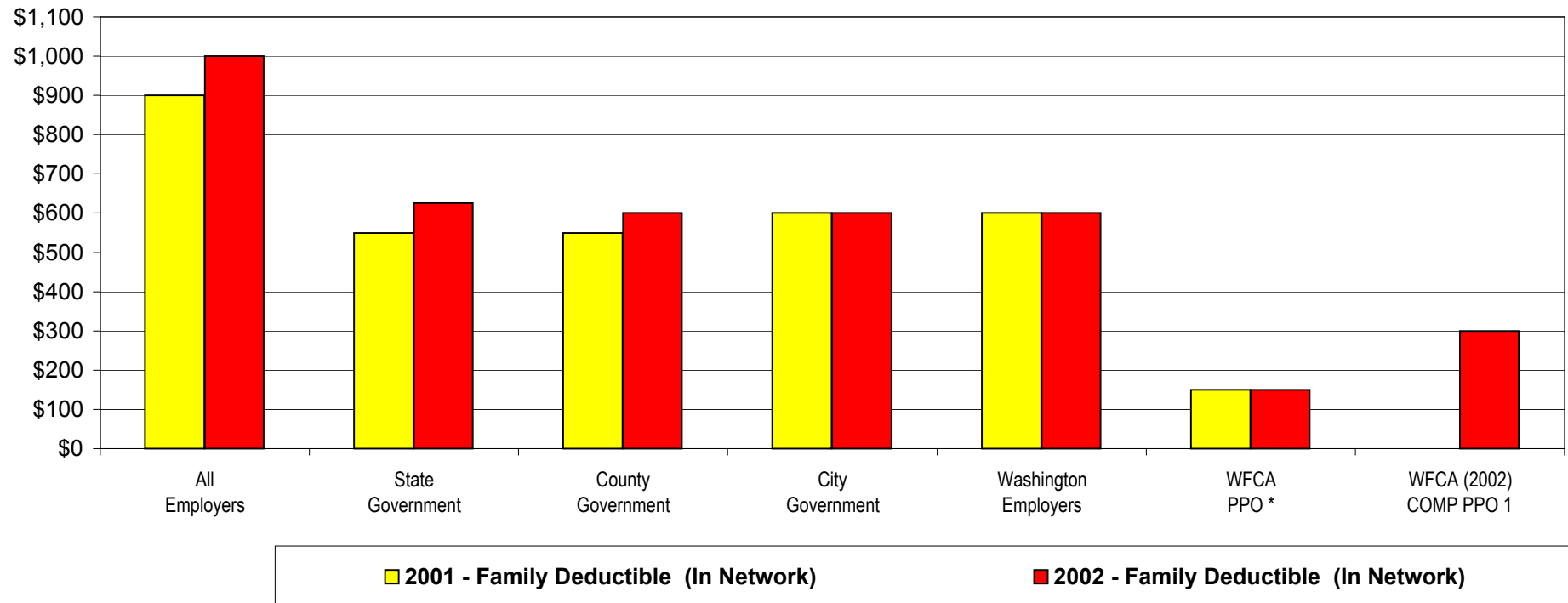


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## BENCHMARKING ANALYSIS

### 2001 and 2002 ~ PPO ~ MEDIAN FAMILY DEDUCTIBLE AMOUNT (In Network)

<u>PPO Plan:</u>	All Employers	State Government	County Government	City Government	Public Entity West Region	Washington Employers	WFCA PPO *	WFCA (2002) COMP PPO 1
2001 - Family Deductible (In Network)	\$900	\$550	\$550	\$600	Not Provided	\$600	\$150	
2002 - Family Deductible (In Network)	\$1,000	\$625	\$600	\$600	Not Provided	\$600	\$150	\$300

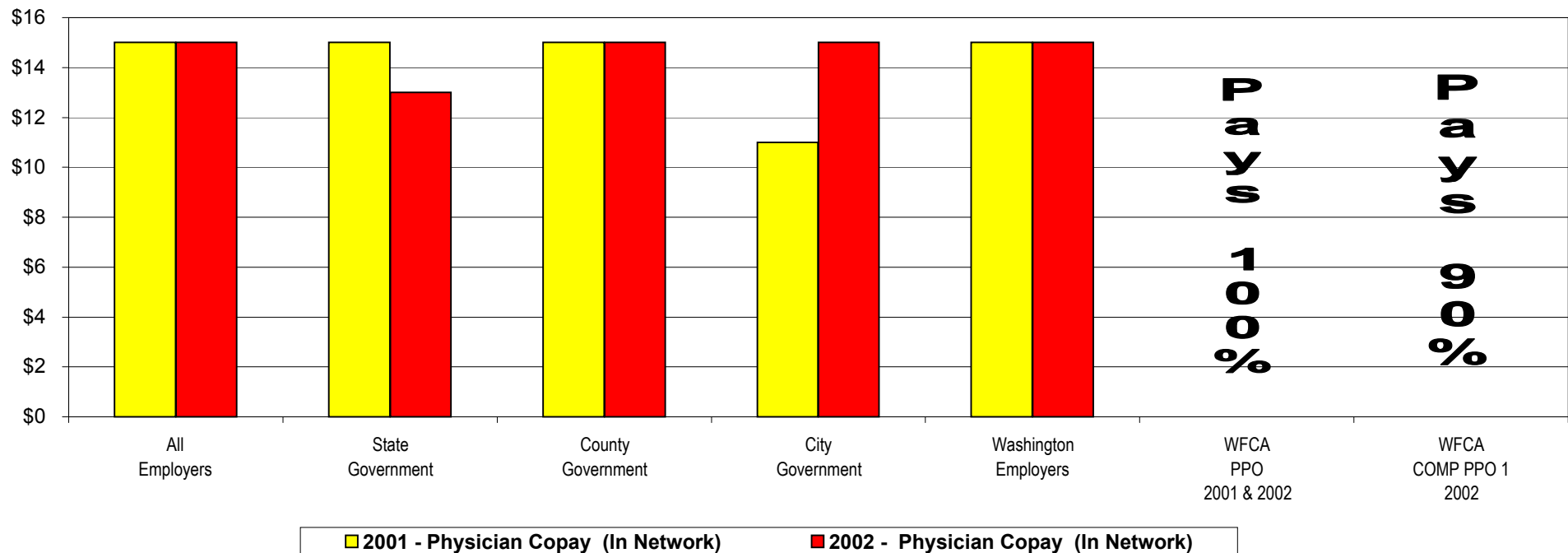


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## BENCHMARKING ANALYSIS

### 2001 and 2002 ~ PPO ~ MEDIAN COPAY FOR PHYSICIAN OFFICE VISITS (In Network)

<u>PPO Plan</u>	All Employers	State Government	County Government	City Government	Public Entity West Region	Washington Employers	WFCA PPO 2001 & 2002	WFCA COMP PPO 1 2002
2001 - Physician Copay (In Network)	\$15	\$15	\$15	\$11		\$15	Paid at 100%	
2002 - Physician Copay (In Network)	\$15	\$13	\$15	\$15	\$15	\$15	Paid at 100%	Paid at 90%



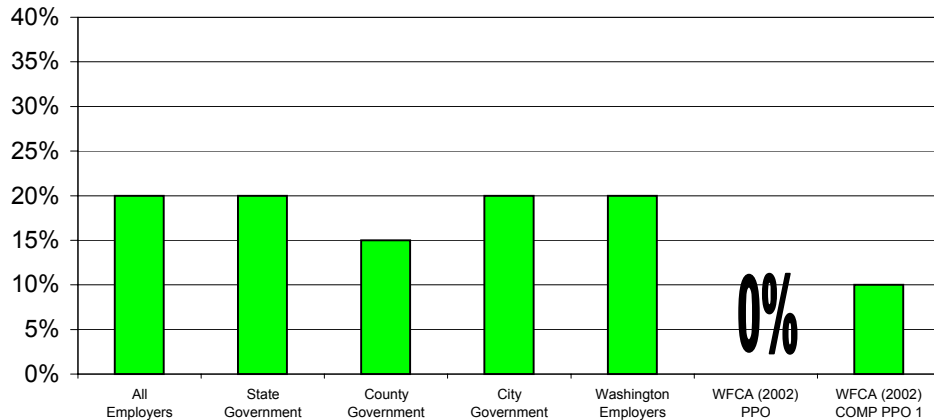
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## BENCHMARKING ANALYSIS

### 2002 ~ PPO ~ MEDIAN COINSURANCE FOR HOSPITAL STAY

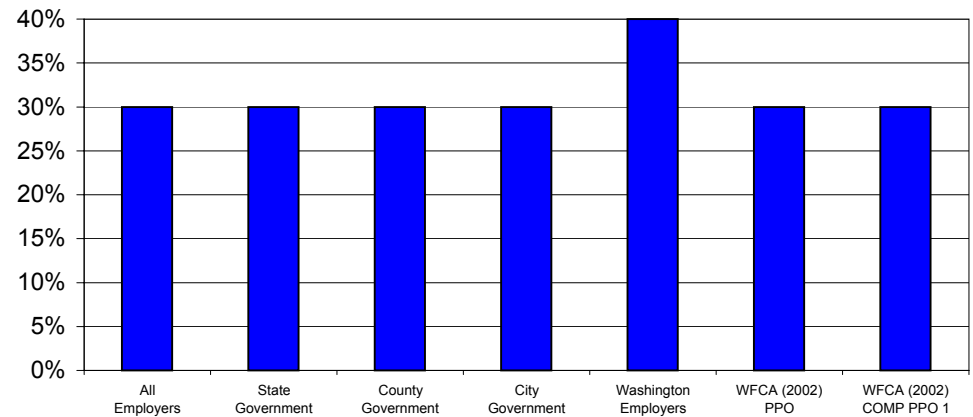
<u>PPO Plan</u>	All Employers	State Government	County Government	City Government	Public Entity West Region	Washington Employers	WFCA (2002) PPO	WFCA (2002) COMP PPO 1
In Network Coinsurance - Hospital Stay	20%	20%	15%	20%	Not Provided	20%	0%	10%
Out of Network Coinsurance - Hospital Stay	30%	30%	30%	30%	Not Provided	40%	30%	30%

**In Network Coinsurance - Hospital Stay**



■ In Network Coinsurance - Hospital Stay

**Out of Network Coinsurance - Hospital Stay**



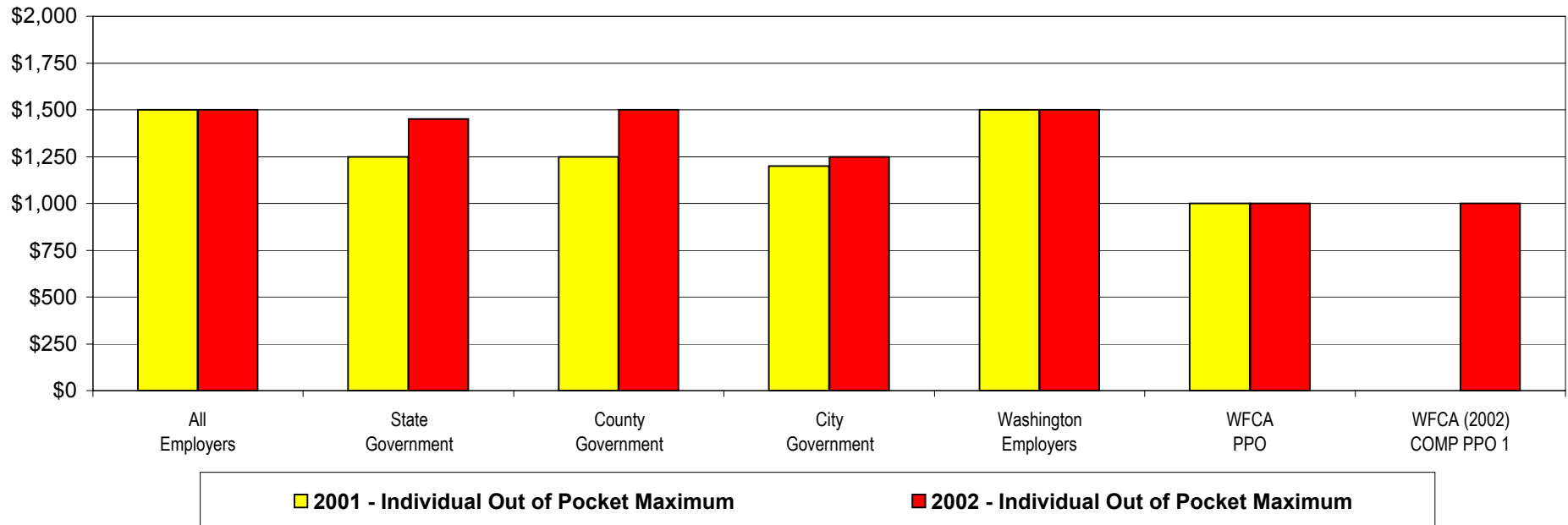
■ Out of Network Coinsurance - Hospital Stay

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## BENCHMARKING ANALYSIS

### 2001 and 2002 ~ PPO ~ MEDIAN INDIVIDUAL OUT OF POCKET MAXIMUM (In Network)

<u>PPO Plan - In Network</u>	All Employers	State Government	County Government	City Government	Public Entity West Region	Washington Employers	WFCA PPO	WFCA (2002) COMP PPO 1
2001 - Individual Out of Pocket Maximum	\$1,500	\$1,250	\$1,250	\$1,200	Not Provided	\$1,500	\$1,000	
2002 - Individual Out of Pocket Maximum	\$1,500	\$1,450	\$1,500	\$1,250	Not Provided	\$1,500	\$1,000	\$1,000

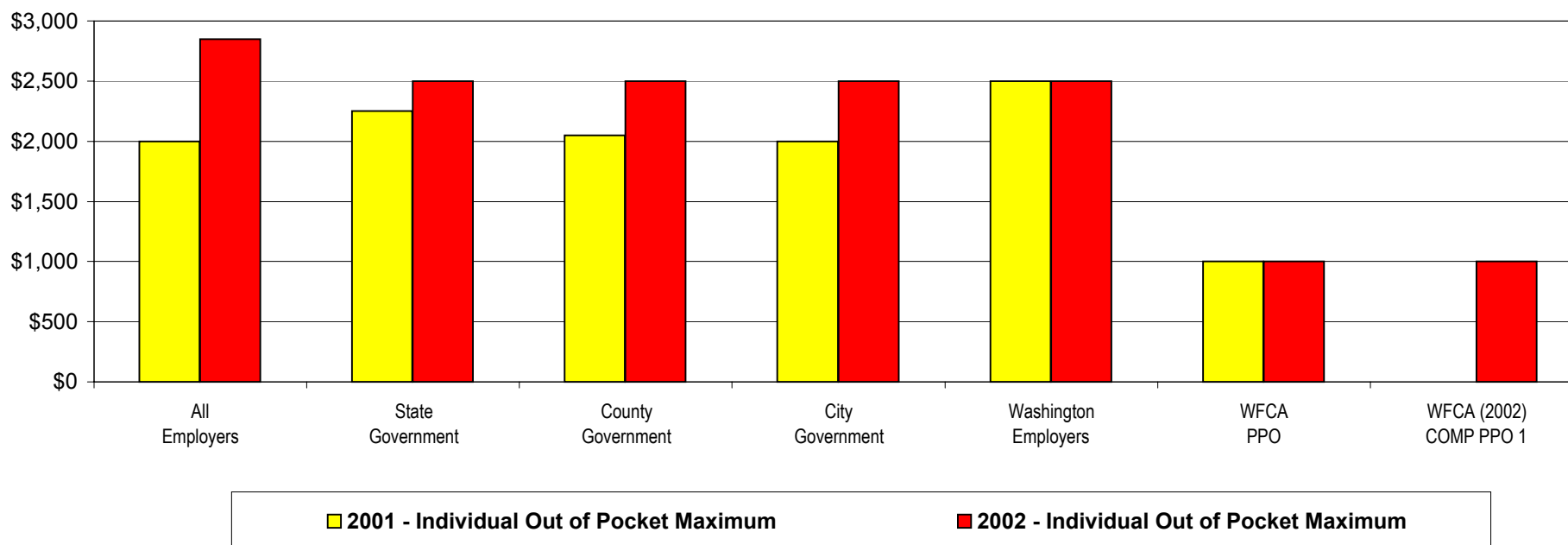


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## BENCHMARKING ANALYSIS

### 2001 and 2002 ~ PPO ~ MEDIAN INDIVIDUAL OUT OF POCKET MAXIMUM (Out of Network)

<u>PPO Plan - Out Of Network</u>	All Employers	State Government	County Government	City Government	Public Entity West Region	Washington Employers	WFCA PPO	WFCA (2002) COMP PPO 1
2001 - Individual Out of Pocket Maximum	\$2,000	\$2,250	\$2,050	\$2,000	Not Provided	\$2,500	\$1,000	
2002 - Individual Out of Pocket Maximum	\$2,850	\$2,500	\$2,500	\$2,500	Not Provided	\$2,500	\$1,000	\$1,000

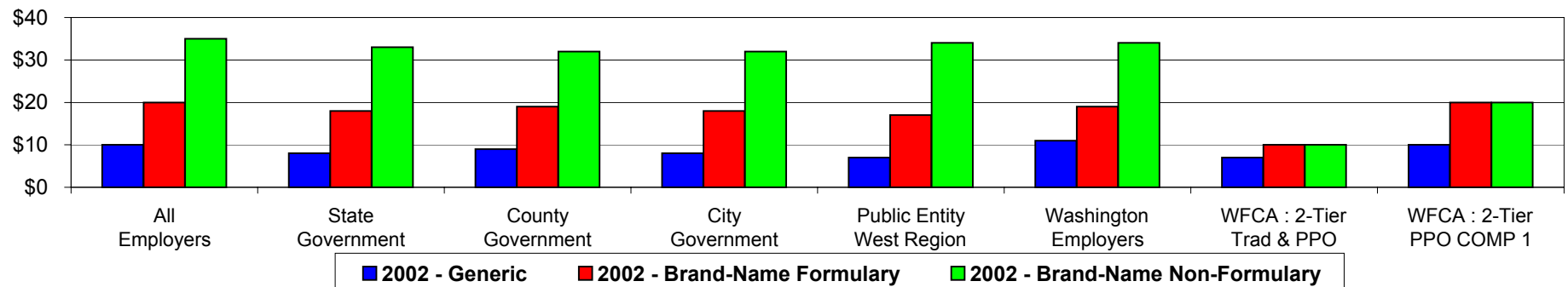
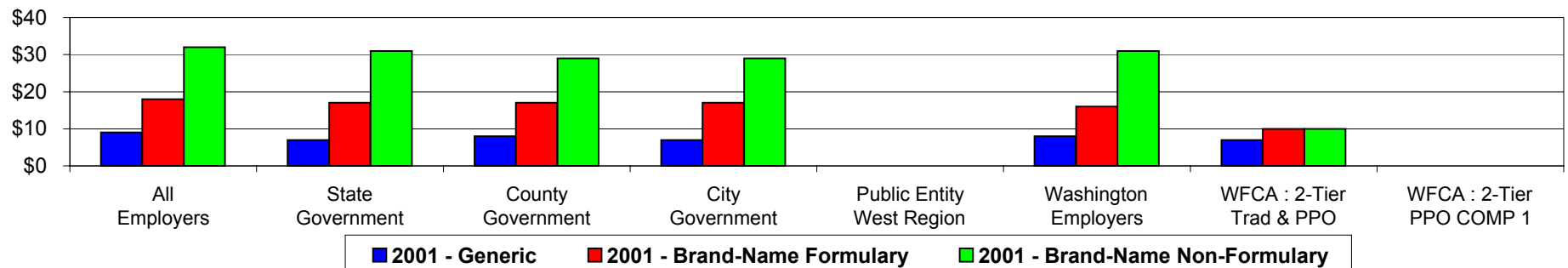


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## BENCHMARKING ANALYSIS

### 2001 and 2002 ~ 3-TIER PRESCRIPTION DRUG CARD (RETAIL PHARMACY) ~ AVERAGE COPAY

For the Employer's Largest Managed Care Plan, of any type.	All Employers	State Government	County Government	City Government	Public Entity West Region	Washington Employers	WFCA : 2-Tier Trad & PPO	WFCA : 2-Tier PPO COMP 1
<b>2001 - Generic</b>	\$9	\$7	\$8	\$7		\$8	\$7	
<b>2001 - Brand-Name Formulary</b>	\$18	\$17	\$17	\$17		\$16	\$10	
<b>2001 - Brand-Name Non-Formulary</b>	\$32	\$31	\$29	\$29		\$31	\$10	
<b>2002 - Generic</b>	\$10	\$8	\$9	\$8	\$7	\$11	\$7	\$10
<b>2002 - Brand-Name Formulary</b>	\$20	\$18	\$19	\$18	\$17	\$19	\$10	\$20
<b>2002 - Brand-Name Non-Formulary</b>	\$35	\$33	\$32	\$32	\$34	\$34	\$10	\$20

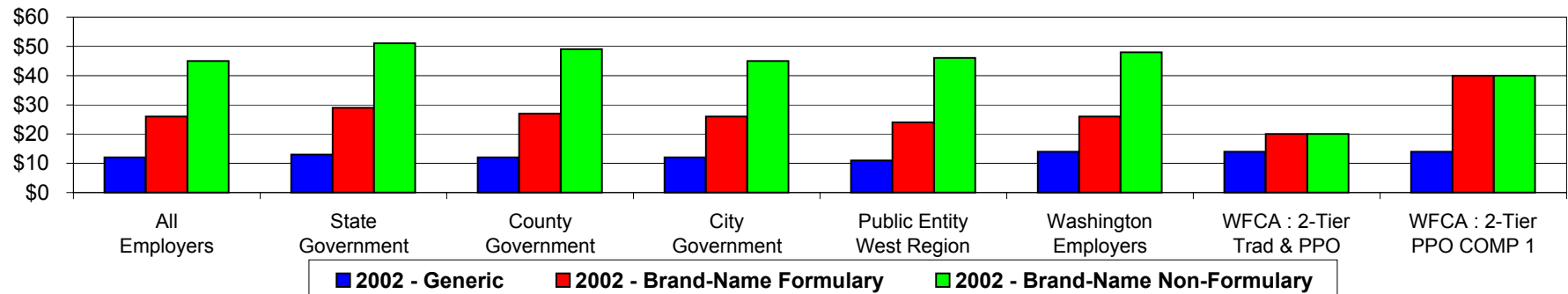
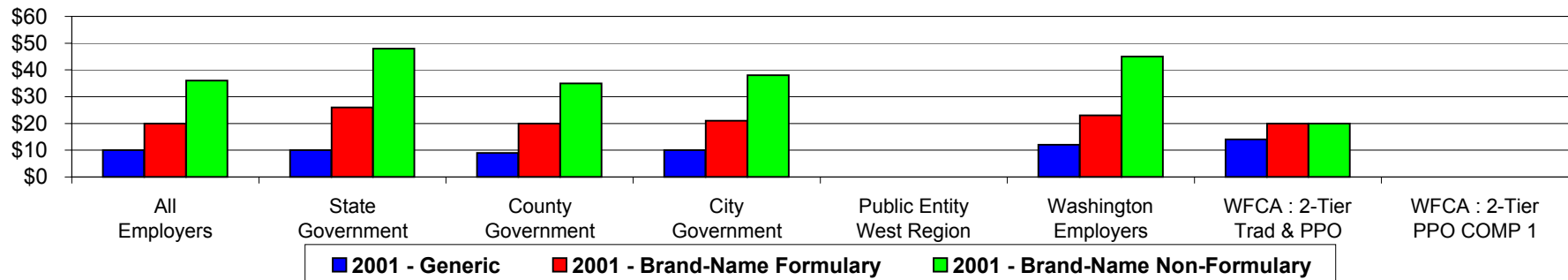


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## BENCHMARKING ANALYSIS

### 2001 and 2002 ~ 3-TIER MAIL ORDER PRESCRIPTION DRUG ~ AVERAGE COPAY

For the Employer's Largest Managed Care Plan, of any type.	All Employers	State Government	County Government	City Government	Public Entity West Region	Washington Employers	WFCA : 2-Tier Trad & PPO	WFCA : 2-Tier PPO COMP 1
<b>2001 - Generic</b>	\$10	\$10	\$9	\$10		\$12	\$14	
<b>2001 - Brand-Name Formulary</b>	\$20	\$26	\$20	\$21		\$23	\$20	
<b>2001 - Brand-Name Non-Formulary</b>	\$36	\$48	\$35	\$38		\$45	\$20	
<b>2002 - Generic</b>	\$12	\$13	\$12	\$12	\$11	\$14	\$14	\$14
<b>2002 - Brand-Name Formulary</b>	\$26	\$29	\$27	\$26	\$24	\$26	\$20	\$40
<b>2002 - Brand-Name Non-Formulary</b>	\$45	\$51	\$49	\$45	\$46	\$48	\$20	\$40

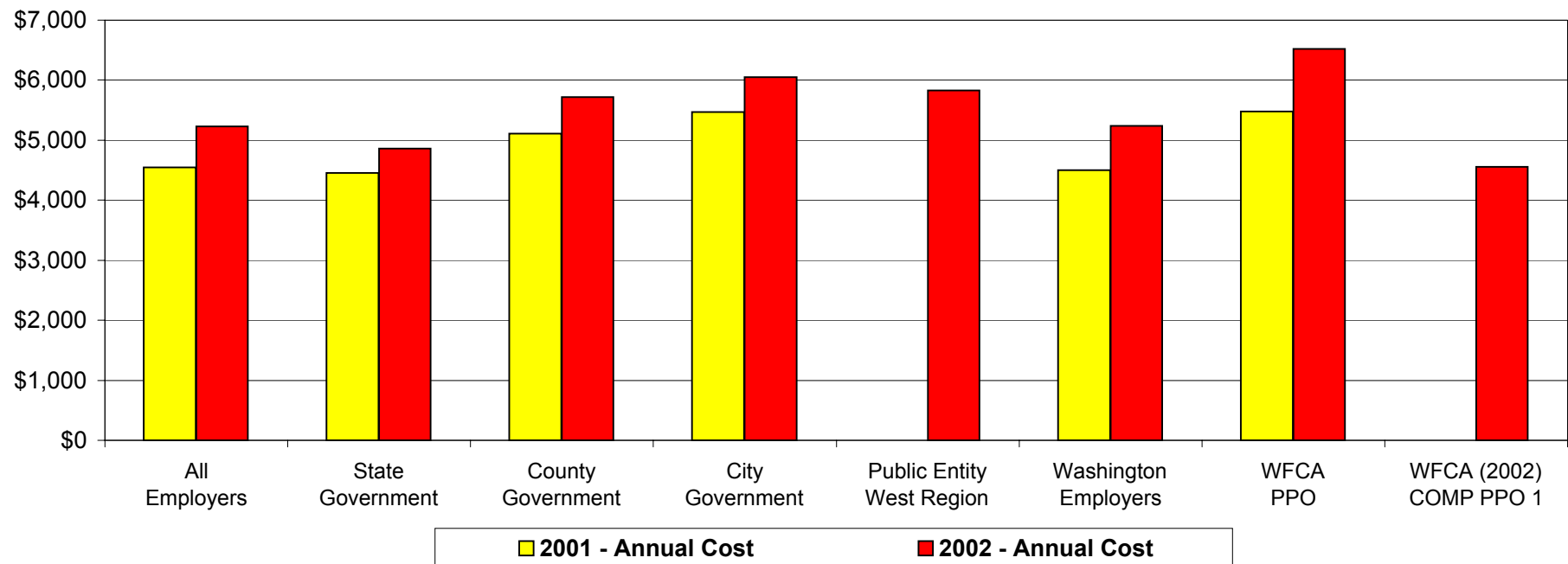


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## BENCHMARKING ANALYSIS

### 2001 and 2002 ~ PPO ~ AVERAGE MEDICAL PLAN COST PER ACTIVE EMPLOYEE

<u>PPO Plan</u>	All Employers	State Government	County Government	City Government	Public Entity West Region	Washington Employers	WFCA PPO	WFCA (2002) COMP PPO 1
<b>2001 - Annual Cost</b>	\$4,544	\$4,459	\$5,110	\$5,468		\$4,504	\$5,479	N/A
<b>2002 - Annual Cost</b>	\$5,227	\$4,857	\$5,720	\$6,054	\$5,827	\$5,242	\$6,524	\$4,558
<b>2002 Percent Increase</b>	15%	9%	12%	11%	N/A	16%	19%	N/A



Based on Mercer 2002 National Survey of Employer-Sponsored Health Plans

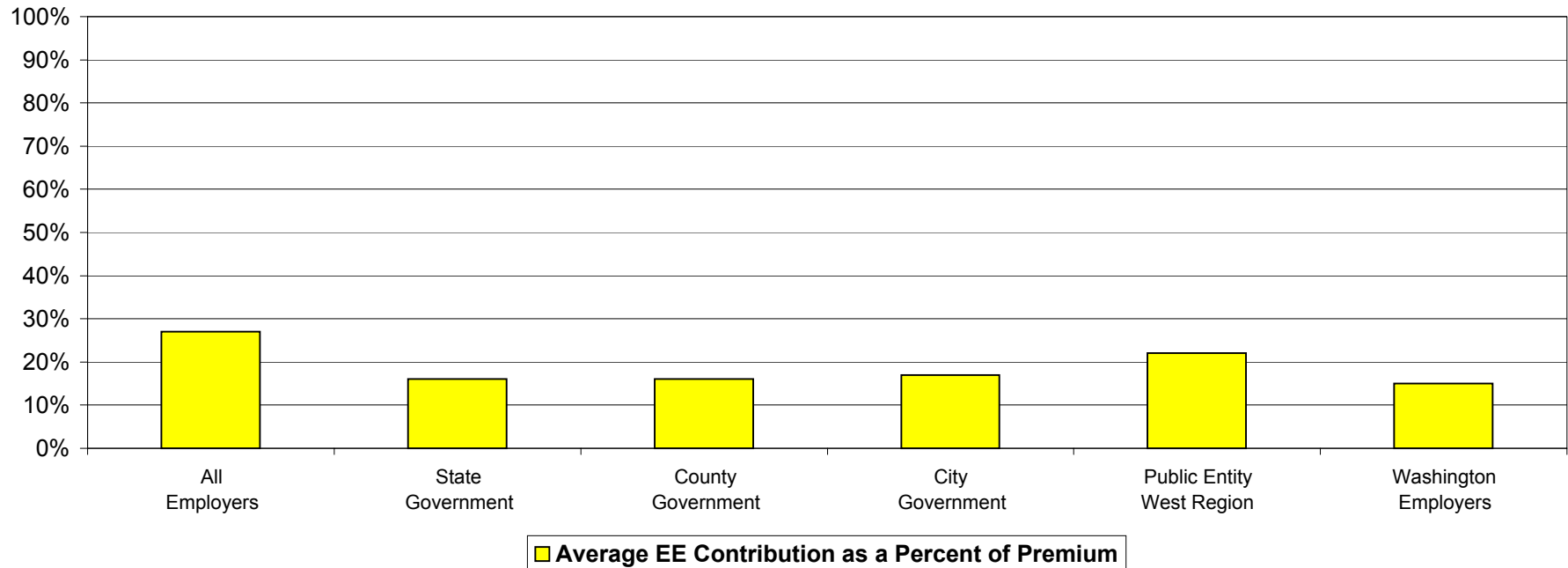
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## BENCHMARKING ANALYSIS

### 2002 ~ PPO ~ AVERAGE EMPLOYEE CONTRIBUTION FOR EMPLOYEE ONLY COVERAGE

<u>PPO Plan</u>	All Employers	State Government	County Government	City Government	Public Entity West Region	Washington Employers
No Contribution Required (% of Employers)	46%	27%	48%	51%	Not Provided	57%
Average Monthly Employee Contribution	\$77	\$48	\$44	\$46	\$58	\$34
Average EE Contribution as a Percent of Premium	27%	16%	16%	17%	22%	15%



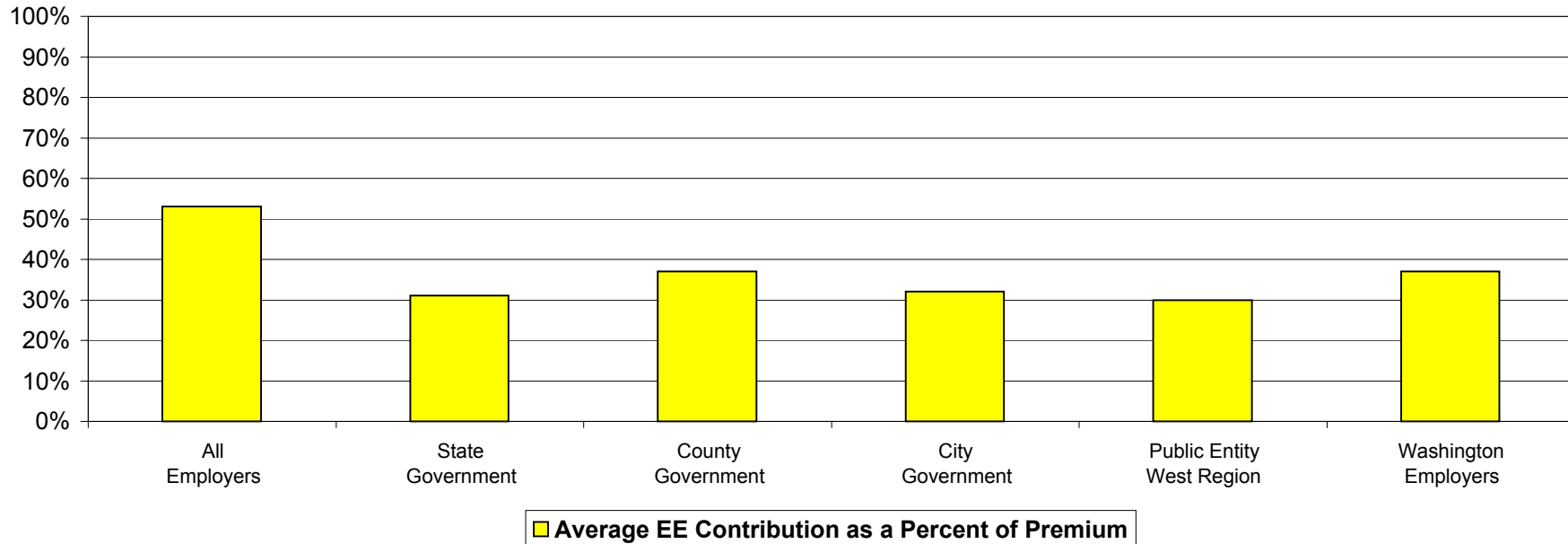
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## BENCHMARKING ANALYSIS

### 2002 ~ PPO ~ AVERAGE EMPLOYEE CONTRIBUTION FOR FAMILY\* COVERAGE

<u>PPO Plan</u>	All Employers	State Government	County Government	City Government	Public Entity West Region	Washington Employers
No Contribution Required (% of Employers)	16%	5%	14%	21%	Not Provided	19%
Average Monthly Employee Contribution	\$278	\$227	\$232	\$202	\$200	\$227
Average EE Contribution as a Percent of Premium	53%	31%	37%	32%	30%	37%

\* For Employee, Spouse and 2 Children

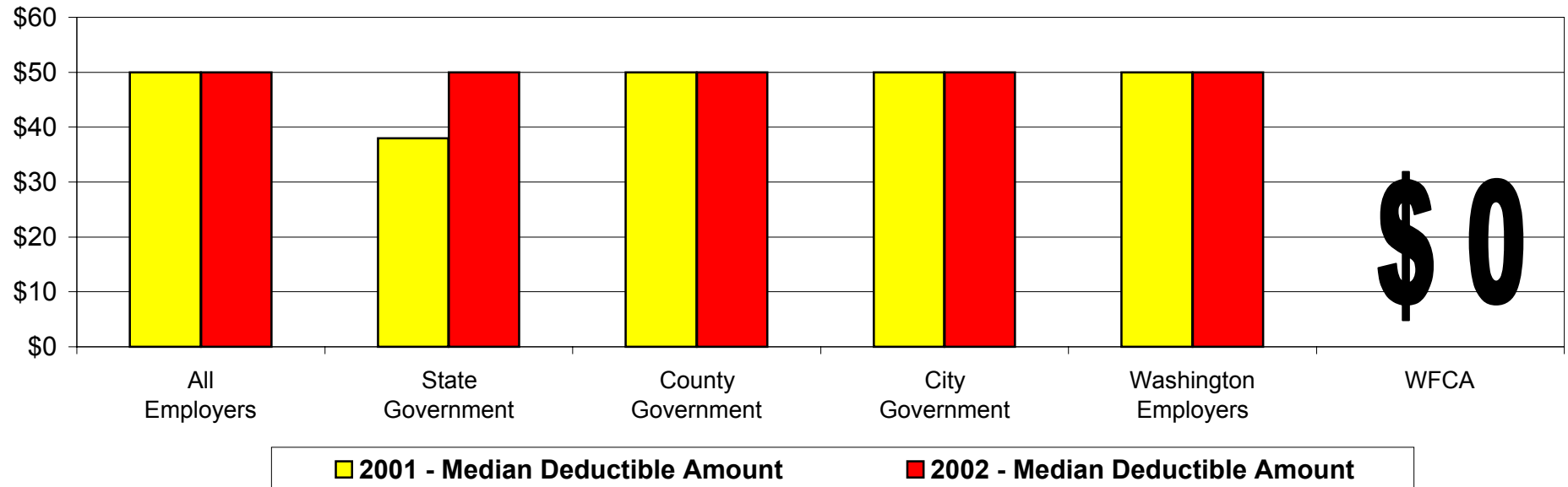


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## BENCHMARKING ANALYSIS

### 2001 and 2002 ~ DENTAL ~ MEDIAN DEDUCTIBLE AMOUNT

<u>Dental</u>	All Employers	State Government	County Government	City Government	Washington Employers	WFCA
2001 - Median Deductible Amount	\$50	\$38	\$50	\$50	\$50	\$0
2002 - Median Deductible Amount	\$50	\$50	\$50	\$50	\$50	\$0



Based on Mercer 2002 National Survey of Employer-Sponsored Health Plan:

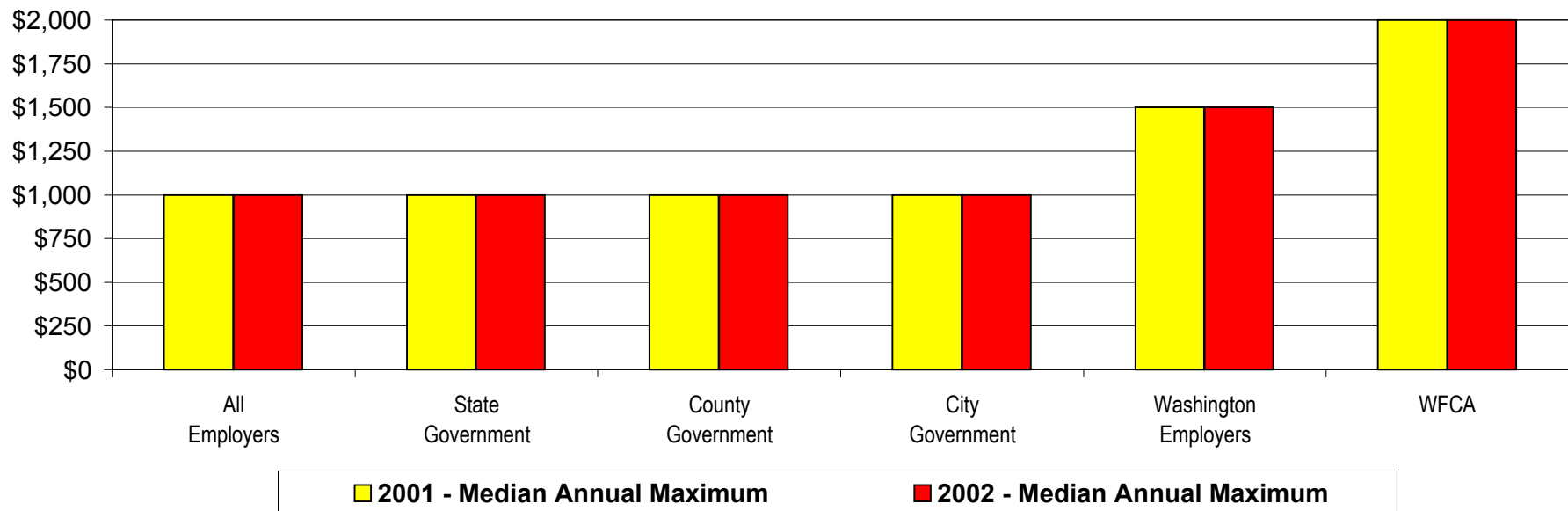
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## BENCHMARKING ANALYSIS

### 2001 and 2002 ~ DENTAL ~ MEDIAN ANNUAL MAXIMUM AMOUNT

<u>Dental</u>	All Employers	State Government	County Government	City Government	Washington Employers	WFCA
<b>2001 - Median Annual Maximum</b>	\$1,000	\$1,000	\$1,000	\$1,000	\$1,500	\$2,000
<b>2002 - Median Annual Maximum</b>	\$1,000	\$1,000	\$1,000	\$1,000	\$1,500	\$2,000



Based on Mercer 2002 National Survey of Employer-Sponsored Health Plans

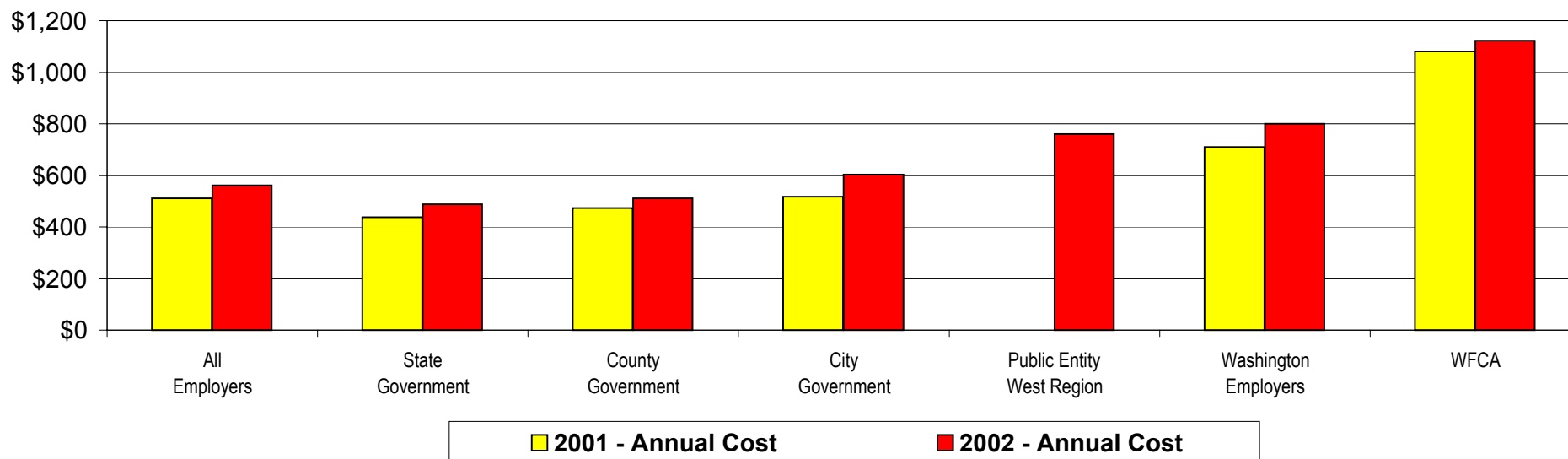
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## BENCHMARKING ANALYSIS

### 2001 and 2002 ~ DENTAL ~ AVERAGE DENTAL PLAN COST PER EMPLOYEE

<u>Dental Plan</u>	All Employers	State Government	County Government	City Government	Public Entity West Region	Washington Employers	WFOA
<b>2001 - Annual Cost</b>	\$512	\$438	\$473	\$517		\$710	\$1,080
<b>2002 - Annual Cost</b>	\$561	\$487	\$510	\$604	\$761	\$800	\$1,122
<b>2002 Percent Increase</b>	10%	11%	8%	17%		13%	4%

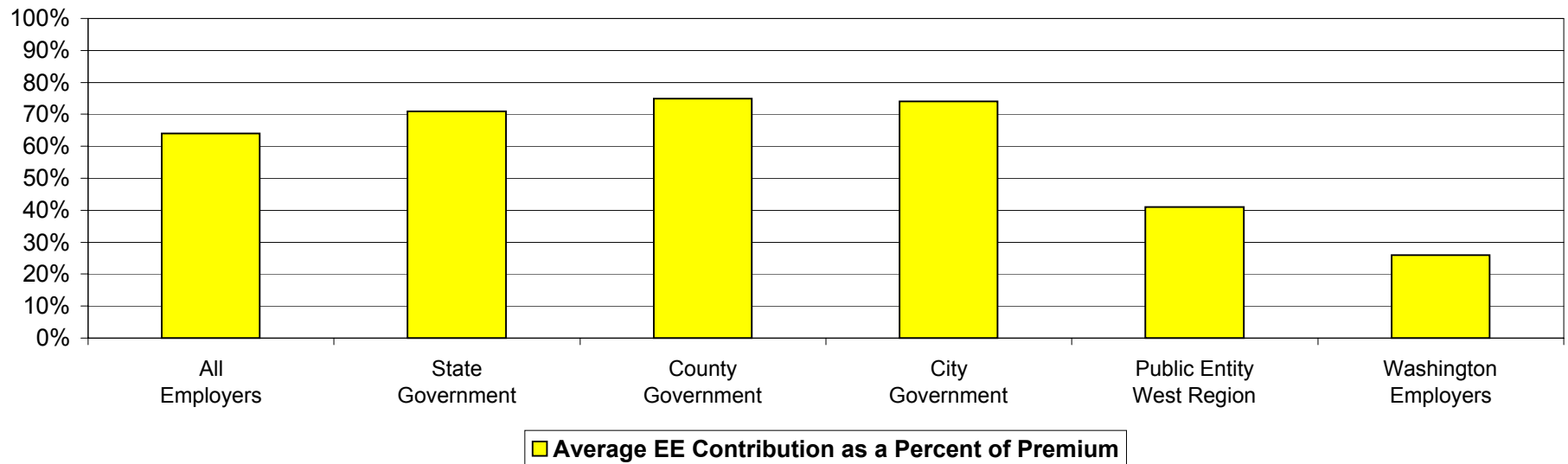


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## BENCHMARKING ANALYSIS

### 2002 ~ DENTAL ~ AVERAGE EMPLOYEE CONTRIBUTION FOR EMPLOYEE ONLY COVERAGE

<u>Dental Plan</u>	All Employers	State Government	County Government	City Government	Public Entity West Region	Washington Employers
No Contribution Required (% of Employers)	49%	48%	52%	46%	Not Provided	73%
Average Monthly Employee Contribution	\$18	\$10	\$16	\$15	\$13	\$9
Average EE Contribution as a Percent of Premium	64%	71%	75%	74%	41%	26%



Based on Mercer 2002 National Survey of Employer-Sponsored Health Plans

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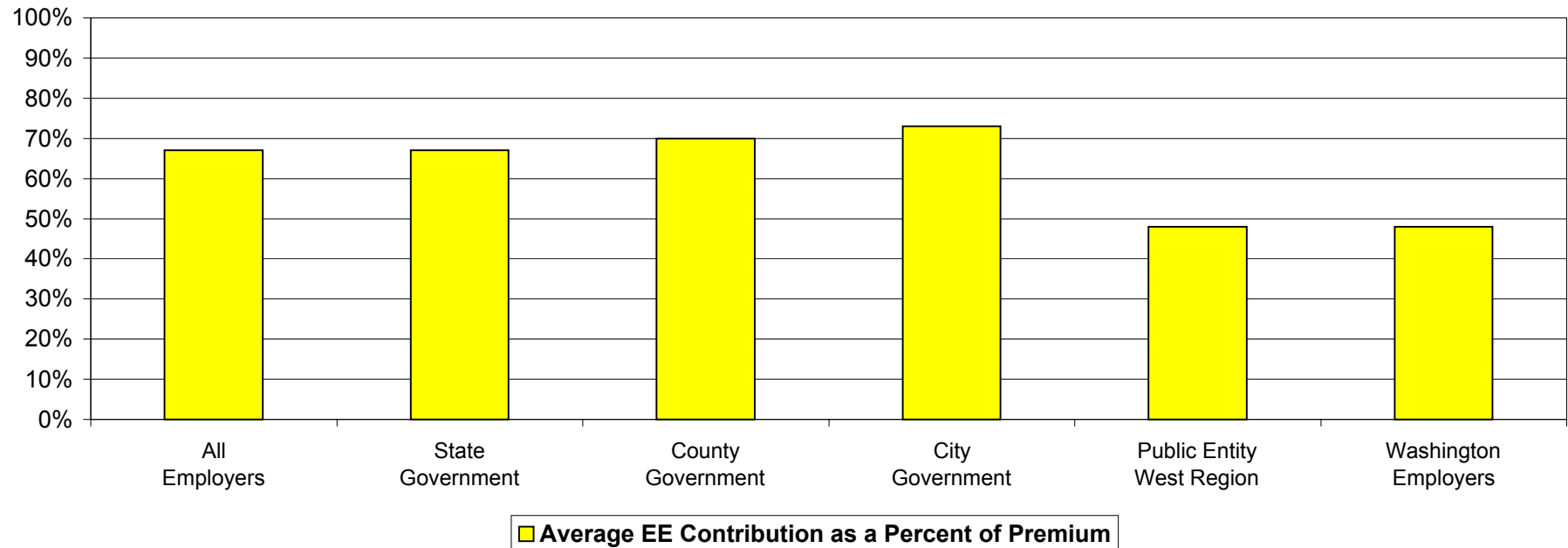
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## BENCHMARKING ANALYSIS

### 2002 ~ DENTAL ~ AVERAGE EMPLOYEE CONTRIBUTION FOR FAMILY\* COVERAGE

<u>Dental Plan</u>	All Employers	State Government	County Government	City Government	Public Entity West Region	Washington Employers
No Contribution Required (% of Employers)	23%	15%	22%	28%	Not Provided	37%
Average Monthly Employee Contribution	\$50	\$28	\$38	\$38	\$32	\$48
Average EE Contribution as a Percent of Premium	67%	67%	70%	73%	48%	48%

\* For Employee, Spouse and 2 Children

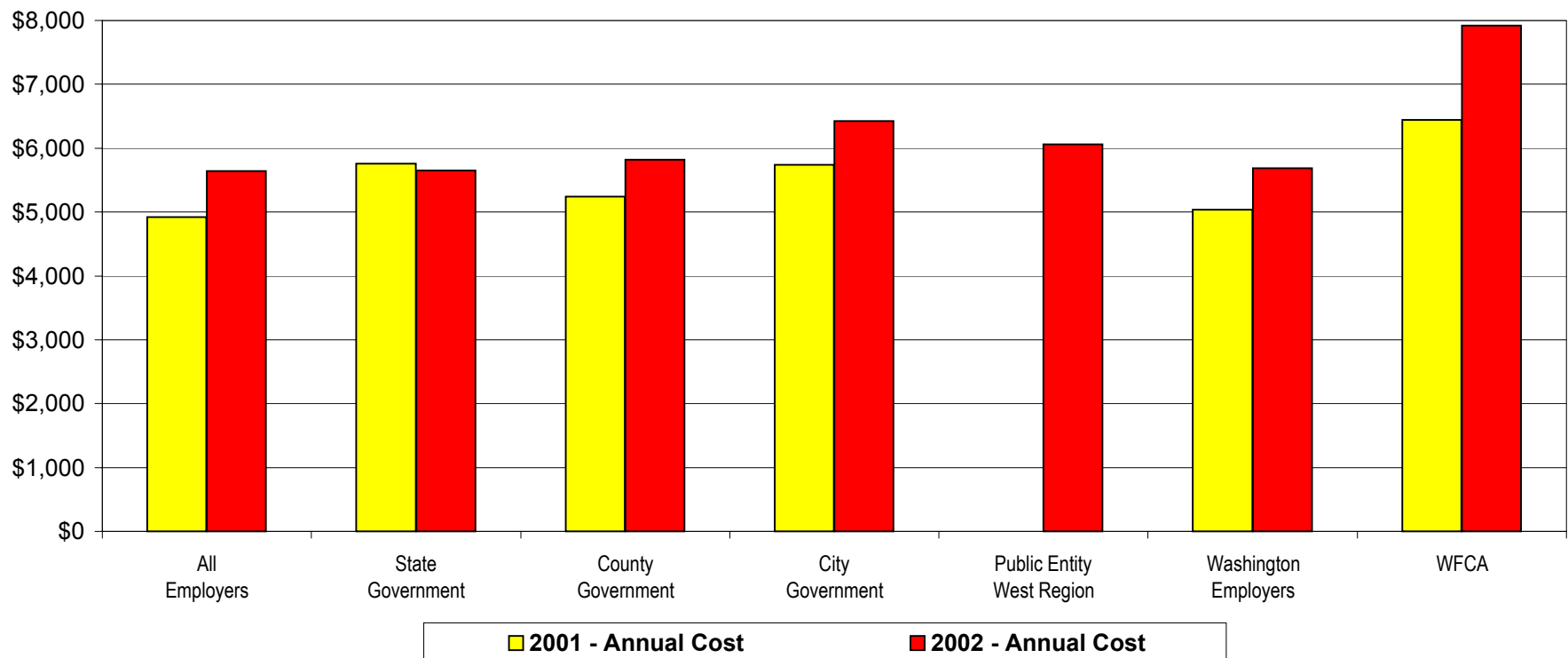


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## BENCHMARKING ANALYSIS

### 2001 and 2002 ~ AVERAGE MEDICAL, VISION & DENTAL BENEFIT COST PER ACTIVE EMPLOYEE

<u>Health Benefits*</u>	All Employers	State Government	County Government	City Government	Public Entity West Region	Washington Employers	WFCA
<b>2001 - Annual Cost</b>	\$4,924	\$5,761	\$5,238	\$5,741		\$5,037	\$6,447
<b>2002 - Annual Cost</b>	\$5,646	\$5,654	\$5,822	\$6,427	\$6,061	\$5,686	\$7,920
<b>2002 Percent Increase</b>	15%	-2%	11%	12%	N/A	13%	23%



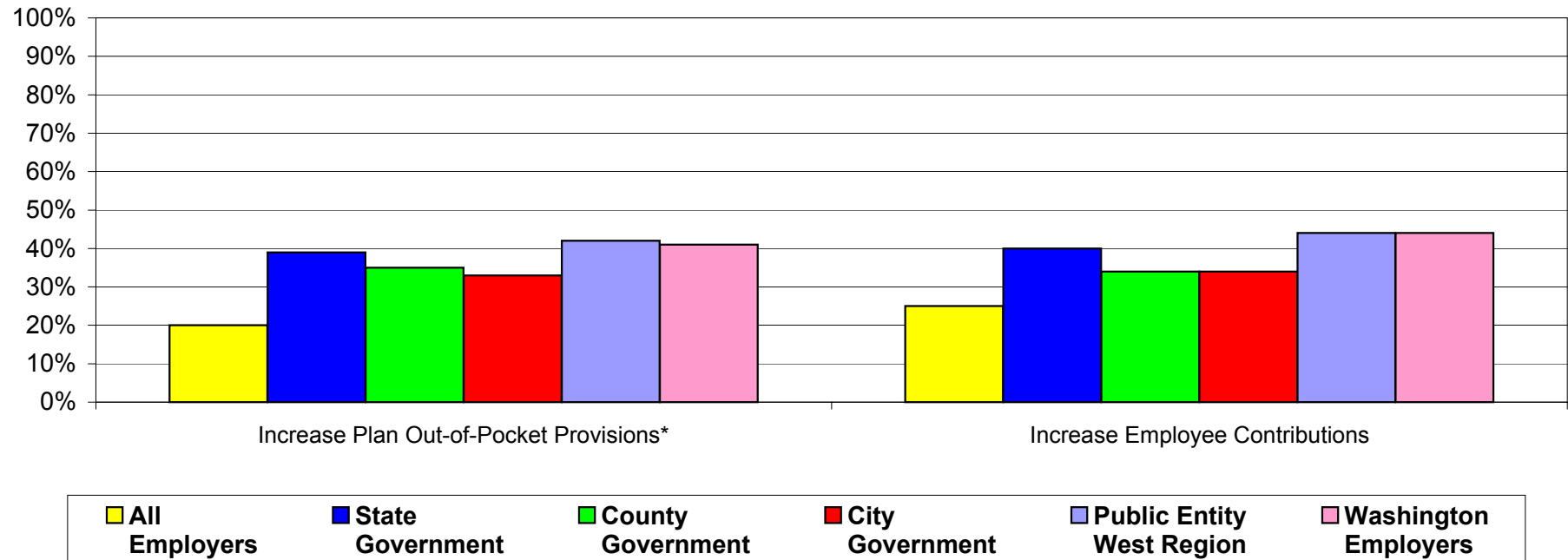
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## BENCHMARKING ANALYSIS

### PERCENTAGE OF EMPLOYERS PLANNING COST-SHARING CHANGES IN 2003

<u>Percentage of Employers Planning:</u>	<u>All Employers</u>	<u>State Government</u>	<u>County Government</u>	<u>City Government</u>	<u>Public Entity West Region</u>	<u>Washington Employers</u>
Increase Plan Out-of-Pocket Provisions*	20%	39%	35%	33%	42%	41%
Increase Employee Contributions	25%	40%	34%	34%	44%	44%

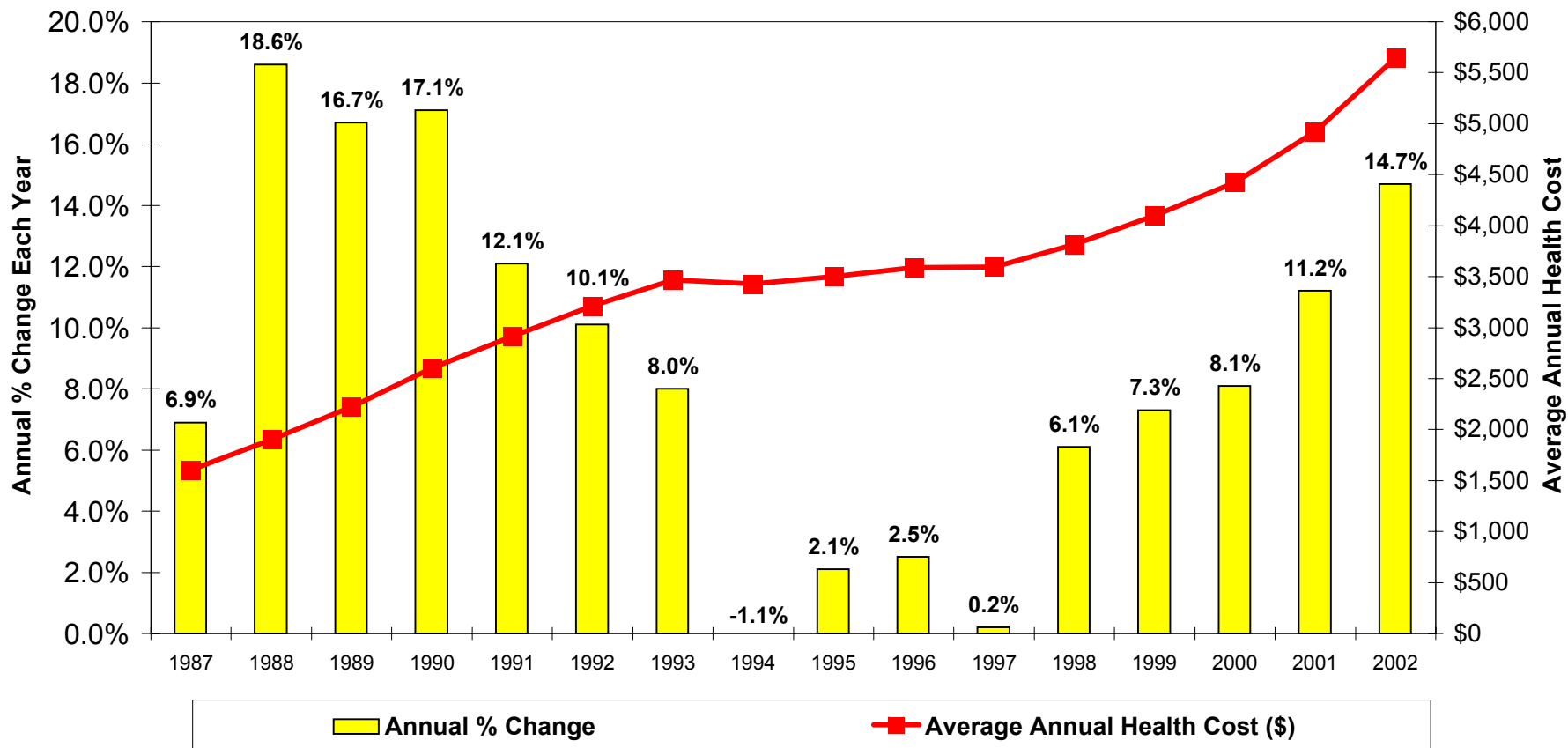
\* Increase deductibles, copays, coinsurance, and/or out-of-pocket maximum.



## Washington Fire Commissioners Association

### BENCHMARKING ANALYSIS

#### ANNUAL CHANGE IN AVERAGE TOTAL MEDICAL, VISION & DENTAL BENEFIT COST : 1987-2002



\* Health Benefit includes Medical, Prescription, Vision, and Dental Benefits.

Note: Results for 1987 - 1998 are based on cost for active and retired employees combined.  
Results for 1999 - 2002 are based on cost for active employees only.